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Third-Party Plaintiff PNC Bank, N.A.

UNITED STATES DISTRICT COURT DISTRICT OF NEW JERSEY

PARAMOUNT MORTGAGE SERVICES,
INC., JOHN A. MODUGNO, President, and
JOHN A. MODUGNO, individually,

Plaintiffs,

vs.

PNC BANK, N.A.,

Defendant.

PNC BANK, N.A.,

Third-Party Plaintiff,

vs.

JAMES L. REED, and KATHRYN
MODUGNO,

Third-Party Defendants.

Civil Action No. 08-cv-3161-NLH-JS

ORDER CONTINUING TEMPORARY RESTRAINTS, SETTING HEARING, PERMITTING EXPEDITED DISCOVERY AND OTHER RELIEFS

THIS MATTER having been opened to the Court by PNC Bank, N.A. (the
“Bank”), by its counsel LeClairRyan, a Virginia Professional Corporation, upon the filing of an
Application seeking entry of an Order to Show Cause with a Temporary Restraints (“TRO

Application”) and *Ex Parte* relief having been entered on June 30, 2008 by this Court; due and proper service of the TRO Application, related papers and entered Temporary Restraining Order having been accomplished; Szaferman Lakind Blumstein Blader & Lehmann, P.C. having entered an appearance in this case on behalf of Plaintiffs/Counterclaim Defendants, Paramount Mortgage Services, Inc. and John A. Modugno as President and individually, as well as Third-Party Defendants, James L. Reed and Kathryn Modugno; the parties having agreed to the entry of a Consent Order Continuing Restraints, entered on July 3, 2008, setting the hearing date for July 18, 2008, and amending the submissions dates, as well as other reliefs, and the court having entered a further Order dated July 22, 2008, extending the hearing to July 31, 2008, and permitting limited expedited discovery, and the parties having thereafter appeared before the Court on July 31, 2008, and the Court ^{having} ~~have~~ found that the hearing on the application for a preliminary injunction should be continued to August 18, 2008, to permit plaintiffs and third-party defendants to make submission as set forth hereinbelow, and having further found that the temporary restraints should be continued to the new hearing date for the application for a preliminary injunction, and that defendant should be accorded additional limited expedited discovery in the interim, for other good and sufficient cause appearing,

IT IS ON THIS 6th day of August, 2008;

ORDERED that the July 3, 2008, and July 22, 2008 Orders of this Court are hereby amended to change the hearing date to August 18, 2008, at 10:00 a.m., before the Hon. Noel L. Hillman, U.S.D.J.; and it is further,


ORDERED that the restraints set forth in this Court’s Orders dated June 30, 2008, and July 3, 2008, Order, shall continue in full force and effect, on the same terms as set forth therein, until further order of this Court it is further,

ORDERED that Plaintiffs/Counterclaim Defendants Paramount Mortgage Services, Inc. and John Modugno and Third-Party Defendants Kathryn Modugno and James L. Reed, shall establish a banking account into which all principal, interest and other payments from the borrowers on the nine "non-Reed" loans shall be paid, which funds shall be available to defendant PNC Bank during the pendency of this litigation to be applied to the sums due to the Bank from Paramount, in the manner in which the Bank desires, without prejudice to any position of the Bank herein, and without prejudice to any later claims by plaintiffs that said payments exceed the sums due to the Bank; and it is further

ORDERED that plaintiffs shall cause all parties who have or may have an interest in the Reed properties, being 196 Harrison Road, Chesterfield, 130 Fourth Avenue, Haddon Heights, 7 Azalea Drive, Lumberton; and 243 Union Avenue, Burlington, to execute in favor of Paramount a mortgage on said properties, which shall be recorded immediately at the sole expense of Paramount, and Paramount shall execute and deliver to the Bank assignments of all such mortgages; and it is further

ORDERED that plaintiff John Modugno is permitted to liquidate money market accounts to raise \$20,000, of which \$15,000 shall be paid to the Bank, and \$5,000 may be used by the Modugnos for personal expenses; and it is further,

ORDERED that the Bank has leave to conduct expedited discovery into the possible interests in the Reed properties and/or the entity identified by plaintiffs as "Mod-Reed."



Honorable Noel L. Hillman, U.S.D.J.